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## BUDGET MESSAGE

Mayor and City Council -

I present the Adopted 2015/2016 Budget for the City of Westminster. The Adopted 2015/2016 Budget is the City's seventh time preparing an official two-year budget. The two-year budget continues to provide longer term financial and policy planning that complements City Council's Strategic Plan and allows both City Council and Staff to focus on implementing the goals and key initiatives identified in the Strategic Plan. The Strategic Plan goals and initiatives provided critical direction for Staff in preparing their proposed operating and capital improvement budgets. In addition to the Strategic Planning process, Staff conducted a level of service analysis in coordination with the 2015/2016 Budget development process. The majority of Staff work examined current and projected service demands, evaluated current funding levels and determined if modifications are needed given the City's priorities and limited resources (both financial and staffing). This information was provided to City Council early in the budget development process to consider any proposed programmatic level of service changes and/or proposed reallocation of resources. In addition, Staff reviewed the current City services inventory document and ensured that it still accurately reflects City services and programs.

As the current financial picture slowly brightens throughout the nation, the City of Westminster has also seen promising signs of sustained economic growth. Per the most recent Case-Shiller Home Price Index Report (June 2014), home prices in the metro area were up 8.9% compared to one year ago and are 50% higher than home prices in 2000 (the benchmark year for the index). According to the most recent report by the Colorado Department of Labor and Unemployment (July 2014), the unemployment rate in Colorado is down to 5.5% compared to the national unemployment rate of 6.1%. The last time the Colorado unemployment rate was 5.5% or lower was October 2008. Per quarterly reports from the U.S. Bureau of Economic Analysis, personal income in Colorado continues to rise. Gross personal income in the State is up 5% compared to one year ago and continues a trend of modest and steady increases. At the local level, sales tax data remains a critical indicator for budget development in the City, as approximately 65% of the City's General Fund budget, which funds the majority of the City's day-to-day operations (police, fire, street maintenance, parks, recreation, libraries, etc.), is comprised of sales tax collections. In 2013, sales tax showed a strong rebound with total collections 7.7% over 2012 collections. Although still positive, year-to-date collections for 2014 have slowed slightly (up 3.4% from the same period last year) and demonstrate the need for caution with future budget commitments.

In the Adopted 2015/2016 Budget, the improved economic picture has allowed the City to return a few select positions that were cut in 2011 when 72.833 FTE were eliminated in order to close a structural budget deficit, along with several new proposed positions. These positions are being added following level of service assessments considering current and future service demands. A total of 14.5 FTE are being added across all funds as part of the 2015 budget and 7.0 FTE are being added across all funds as part of the 2016 budget. Many of these positions are being funded from associated offsetting revenues, cost savings or newly available resources due to the retirement of debt. A table summarizing these new positions can be found in the "Compensation and Staffing" portion of this Budget Message. Specific details on these positions can be found in the Operating Budget Executive Summary section of this Budget Book, along with other operating budget changes.

The Capital Improvement Program (CIP) side of the budget includes 110 projects across all funds in 2015 at a total cost of \$41,697,000. In 2016, 113 projects are included at a total cost of \$50,358,000. The total CIP continues to reflect an effort to move forward on many capital improvement fronts to address the City's needs as well as to enhance community quality of life. These improvements benefit existing and future citi-

zens and businesses by rehabilitating, improving and enhancing community amenities. Throughout the 2015/2016 budget development process, Staff has worked to strike a balance between capital and operating needs. The General Capital Improvement Fund (GCIF) faces significant immediate and long-term financial challenges. Staff anticipates returning to City Council at a future date to discuss options for funding the long-term needs of the City to reinvest in roads and other City infrastructure. Alternative, stable, long-term funding options need to be evaluated to continue to maintain the high-quality environment that citizens and businesses expect in Westminster. A summary of the CIP is presented later on in this budget message and details of the CIP can be found in the dedicated CIP section in this Budget Book.

Moving forward, the City faces exciting opportunities, changes and challenges. Major progress continues on significant projects, including the Westminster Center Urban Reinvestment Project (WURP) and the South Westminster Transit Oriented Development Area (Westminster Station and commuter rail service). Overall development activity in the City has reached a level not seen for many years. On the change front, with recent and pending retirements, including my own, leadership transitions are underway in the organization. Recent direction to commence discussions on collective bargaining with Westminster firefighters has the potential to create resource and other challenges, including equity considerations across the organization and the possibility of collective bargaining interest by other City Staff. Despite this and other ongoing challenges, I believe that the City is in excellent position to continue to deliver exceptional value and quality of life to Westminster's residents, businesses and visitors. The strength of the Westminster organization will assure that we are prepared to continue to move this community in a positive, visionary direction.

In this budget message, I will cover the following items:

**Budget History** delivers a brief Budget history and discusses recent Budget highlights.

**Strategic Plan and City Council Goals** identifies City Council's goals established in its Strategic Plan and highlights how the 2015/2016 Budget works to achieve these goals and associated initiatives.

**Citizen Survey Results** provides a brief summary of the City's survey results from 2014, which helped inform the development of the 2015/2016 Budget.

**Tax Comparisons** provides property tax and sales tax comparisons to other Front Range communities.

**Revenues and Expenditures Overview** discusses expenditure increases and reductions, revenue enhancements and revenue/expenditure summary information about the City's various funds.

**Capital Outlay** features a summary of capital outlay levels and types of equipment.

**Compensation and Staffing** contains a summary of overall staffing levels, new staffing and the City's compensation approach and philosophy.

**Capital Improvement Program (CIP)** features an overview of the CIP and capital appropriations for 2015/2016.

## **BUDGET HISTORY**

In recent history, two recessions have taken a toll on the economic foundation of this community and nation. A re-set in the financial base of the City's revenue structure has occurred, necessitating a re-set in how this organization operates. Commencing with the economic downturn in 2001, the City has taken a series of strategic steps to navigate through this economic storm. Below is a brief summary of the steps taken over the years:



**FY 2001/2002** – Departments’ budgets for 2001 and 2002 were adopted amidst a changing world as on September 11, 2001, the nation and world financial markets were shaken by the terrorist attacks on the World Trade Center towers, Pennsylvania and the Pentagon. Additionally, 2001 was significant for the City of Westminster as it marked the beginning of a long slow decline in revenue from the Westminster Mall, which at its peak in 1999 produced over \$8.5 million in sales tax revenue for the City. A strategic hiring freeze was implemented in May 2002 and continued into 2004; a total of approximately \$5.5 million in expenditure reductions were implemented in 2002.

**FY 2003** – Departments prepared their 2003/2004 budget with an additional 3% reduction from their reduced 2002 budget; an exception was made for the Police and Fire Departments where a reduction of only 2% was applied. These reductions for 2003 totaled approximately \$1.8 million in additional reductions from the cuts made with the 2002 Budget. All new staff originally planned in the 2003/2004 budget were eliminated except for the hiring of 4.0 new FTE Police Officers and 3.0 new FTE Firefighters made possible by a modification to the City’s vendors’ fee. The strategic hiring freeze continued through 2003. Mid-year, departments made an additional 0.5% reduction to all 2003 General Fund operating budgets. Savings from capital projects spending less than originally budgeted and several projects that had not commenced were frozen in the General Capital Improvement Fund, which helped offset reduced revenue collections. A total of approximately \$3.6 million in reductions were implemented to address revenue shortfalls.

**FY 2004** – Departments amended their adopted 2004 budget with additional operating budget reductions and three capital projects were reduced or eliminated for additional reductions of \$1.8 million to address revenue shortfalls. In November 2003, Westminster voters approved a sales and use tax increase of 0.6% for maintaining, enhancing and supporting public safety operations. As a result of this tax increase, 40.0 FTE in the Police Department, 35.0 FTE in the Fire Department and 8.0 FTE in support departments for a total of 83.0 FTE were added in December 2003 to the Amended 2004 Budget to enhance public safety operations in the City. The public safety tax provided for approximately an additional \$10 million that prevented these operations and other City services from having to make significant reductions due to reduced revenues Citywide.

**FY 2005/2006** – In October 2004, City Council adopted the 2005/2006 budget. Departments prepared their 2005/2006 Budget with a 1% increase from their reduced 2004 budget, with the exception of the Police and Fire Departments, which had an increase of 1% on their original General Fund budget and 3% on their public safety tax budget.

**FY 2007** – Departments prepared their 2007 budget with a 0% increase from their 2006 budget, with the exception of the Police and Fire Departments, which had an increase of 2% over their 2006 budget due to the public safety sales tax. Also, Utility Fund operations had an increase of 2% over their 2006 budget due to water sales and system repair and replacement needs.

**FY 2008** – Departments prepared their 2008 budget with a 1% increase from their 2007 budget, with the exception of the Police and Fire Departments, which had an increase of 2% over their 2007 budget due to the public safety sales tax. Also, Utility Fund operations had an increase of 2% over their 2007 budget due to water sales and system repair and replacement needs.

**FY 2009/FY 2010** – Departments prepared their 2009 budget with a 0% increase from their Amended 2008 budget, with the exception of the Police and Fire Departments, which had an increase of 2% over their 2008 budget due to the public safety sales tax, and the Utility Fund operations, which had an increase of 2% over their 2008 budget due to water sales and system repair and replacement needs. Departments prepared their 2010 budget with a 1% increase from their 2009 budget, with the exception of the Police and Fire Departments, which had an increase of 2% over their 2009 budget due to the public safety sales tax, and the Utility Fund operations, which had an increase of 1.5% over their 2009 budget due to water sales and system repair and replacement needs.

Due to the second recession and resulting significant reduction in revenues, the City made \$15.7 million worth of budget adjustments over these two years. However, many of these adjustments were “one-time” fixes, including \$6.9 million of one-time revenues in 2010 not available to help the City address budget challenges in 2011 and 2012.

**FY 2011** – In preparing the Adopted 2011 Budget, departments utilized the core services assessment conducted in late 2009 and early 2010. This assessment included an inventory of City services provided, identification of duplicate services (i.e. other governmental entities or the private sector offered similar services), and a prioritization process with City Council. In addition to addressing the uncertain economy in FY 2011/ FY 2012, the \$6.9 million of one-time revenues utilized to balance the Amended 2010 Budget had to be backfilled. Unlike previous budget reductions, this core services assessment included a significant reduction in staffing. This was necessary due to the impact of the second recession in a decade and the permanent reset in the economy and City revenues. A total of 72.833 FTE were eliminated with the Adopted 2011 Budget. In addition, all staff wages were frozen at 2010 levels. These staffing reductions, wage freezes and service adjustments were necessary to make this organization financially sustainable into the future.

**FY 2012** – The Amended 2012 Budget included a 2% market adjustment to the pay plan, and step and merit increases. Due to economic challenges, the City did not make any market adjustments in 2010 or 2011. Based on information on planned salary adjustments in other cities, Staff recommended the 2% market adjustment to help keep the City’s Pay Plan within market and ensure competitive wages. Additionally, the originally estimated increase in medical and dental costs of 10% for 2012 was adjusted downward to a 0% increase for both the employee and employer shares.

**FY 2013** – Departments prepared their Adopted 2013 Budget with a 0% increase from their Amended 2012 Budget. The biennial salary survey confirmed that the adjustments made in 2012 were instrumental in keeping the majority of the employee population competitively paid. A 1% market adjustment was implemented in 2013 to the existing pay plans in order to keep the City workforce competitively paid. City Council adopted two new additional pay plans, a non-exempt police sworn pay plan and a non-exempt fire commissioned pay plan, to better reflect the method of pay and prevailing wages. Significant market adjustments were given to six public safety classifications, including police officer and firefighter.

**FY 2014** – Departments prepared their Amended 2014 Budget with a 0% increase from their Adopted 2013 Budget. A 1% market adjustment was implemented in 2014 to the existing pay plans in order to keep the City workforce competitively paid. Medical/dental insurance premiums costs for both the City and employees increased by 4.5%.

### **STRATEGIC PLAN AND CITY COUNCIL GOALS**

In 2014, City Council developed a new Strategic Plan with new goals and priority initiatives. The 2014 Strategic Plan reinforces long-term planning for both operating (day-to-day operations and services) and capital (long-term investment projects such as road construction, water distribution and sewer maintenance) programs.

**VISION STATEMENT:** Westminster is an enduring community – a unique sense of place and identity; we have a choice of desirable neighborhoods that are beautiful and sustainable by design. Westminster residents enjoy convenient choices for an active, healthy lifestyle, are safe and secure, and have ease of mobility within our City and convenient connection to the metro area. Westminster is a respectful, diverse community in which residents are engaged. Westminster City Government provides exceptional city services, and has a strong tax base through a sustainable local economy.

**MISSION STATEMENT:** Our job is to deliver exceptional value and quality of life through S-P-I-R-I-T (Service, Pride, Integrity, Responsibility, Innovation, Teamwork).



The goals, their definitions and the associated initiatives, are listed below:



**VISIONARY LEADERSHIP AND EFFECTIVE GOVERNANCE** – The City of Westminster has articulated a clear vision for the future of the community. The vision is implemented through collaborative and transparent decision making.

- Secure a replacement for our retiring City Manager that has the combination of experience, knowledge, style and values that are consistent with City Council vision and organizational values; ensure a smooth transition.



**VIBRANT AND INCLUSIVE NEIGHBORHOODS** – Westminster provides housing options for a diverse demographic citizenry, in unique settings with community identity, ownership and sense of place, with easy access to amenities, shopping and employment.

- Complete St. Anthony North Hospital (84th Avenue) impact analysis
- Create an Arts District



**COMPREHENSIVE COMMUNITY ENGAGEMENT** – Westminster is represented by inclusive cultural, business, nonprofit and geographic participation. Members of the community are involved in activities; they are empowered to address community needs and important community issues.

- Create an Inclusiveness Commission



**BEAUTIFUL, DESIRABLE, ENVIRONMENTALLY RESPONSIBLE CITY** – Westminster thoughtfully creates special places and settings. The City is an active steward, protecting and enhancing natural resources and environmental assets. The City promotes and fosters healthy communities.

- Develop and implement Open Space Master Plan
- Identify and implement alternative energy options for City facilities
- Achieve “Solar City” designation to benefit both our environment and economy



**PROACTIVE REGIONAL COLLABORATION** – Westminster is proactively engaged with our partners to advance the common interests of the region.

- Collaborate with counties, school districts and neighboring cities



**DYNAMIC, DIVERSE ECONOMY** – Westminster is a local government that fosters social, economic, and environmental vitality and cultivates and strengthens a wide array of economic opportunities.

- Construct Westminster Station and develop TOD area
- Identify and pursue FasTracks next step
- Continue North I-25 development
- Proceed with Phase I of the Westminster Center Urban Reinvestment Project
- Advance business attraction strategy
- Encourage the development of chef-owned and/or operated restaurants
- Grow small businesses through incubation



**EXCELLENCE IN CITY SERVICES** – Westminster leads the region in a culture of innovation that exceeds expectations in all city services – the City is known for “the Westy Way.”

- Analyze Fire/EMS alternative service delivery
- Provide improved collaboration and communication between City Council and employees at all levels of the organization
- Improve planning and permit process to be business friendly and achieve City goals



**EASE OF MOBILITY** – Westminster pursues multi-modal transportation options to ensure the community is convenient, accessible and connected by local and regional transportation options through planning, collaboration, advocacy and execution. Transportation objectives include walkability, bike friendly, drivability and mass transit options.

- Enhance trail connectivity

The 2015/2016 Budget supports the Strategic Plan goals and objectives in a variety of ways. A few examples of how the budget supports the strategic plan are highlighted below:

#### **VISIONARY LEADERSHIP AND EFFECTIVE GOVERNANCE**

- Funds are budgeted to address succession management efforts associated with current and forthcoming departures of key leadership positions.
- Funds are budgeted to address projected attrition in the Police Department. Additional resources will be necessary for police academy expenses for trainees.

#### **VIBRANT AND INCLUSIVE NEIGHBORHOODS**

- Funds are budgeted for start-up and ongoing costs associated with the commencement of City Council's Inclusiveness Commission.
- Continued funding of the South Westminster Revitalization Program is budgeted in 2015/2016.

#### **COMPREHENSIVE COMMUNITY ENGAGEMENT**

- The budget includes a new 1.0 FTE Communication and Outreach Coordinator in 2015 to coordinate outreach and engagement efforts for City Council, oversee Web-based engagement tools (Access Westminster, WestyConnect and social media), support outreach and engagement efforts in other departments and programs, provide Staff support for the Human Services Board and assist with City Council's Inclusiveness efforts.
- \$25,000 in additional funding is provided for the City Council Outreach Program, which will fund two telephone town halls and other outreach efforts to be determined.

#### **BEAUTIFUL, DESIRABLE, ENVIRONMENTALLY RESPONSIBLE CITY**

- The City is adding a new open space maintenance crew in 2016, including 1.0 FTE Recreation Specialist (Naturalist), 1.0 FTE Horticultural Specialist and 2.0 FTE Parkworkers. This action will start to implement the Open Space Stewardship Plan.
- Funds are included to update the City's main data center facility, which will utilize ambient air versus air conditioning as the primary means of cooling, thereby reducing energy consumption and costs by 38%.

#### **PROACTIVE REGIONAL COLLABORATION**

- A 1.0 FTE School Resource Officer Sergeant is being added in 2015 and will be assigned to assist schools and school district administration. This additional position places the Police Department in a much better position to interact with the three different school districts and help cover issues at over 30 schools in the City.
- \$1.4 million is provided in the General Capital Improvement Fund as local match money for regionally significant roadway projects in 2015.
- Starting in 2014 and continuing for a period of five years, the City will be taking over the administrative responsibility of the North Metro Drug Task Force.

#### **DYNAMIC, DIVERSE ECONOMY**

- Recruitment of unique, chef-owned or operated restaurants is a high-priority action item. Accordingly, \$30,000 is included in 2015 to hire specialized consultants to develop a strategy, marketing plan and a potential special incentive program to attract these types of restaurants.
- The 2015/2016 Budget continues to support Westminster Center Urban Reinvestment Project (WURP) efforts.
- Approximately \$5.8 million is included in the General Capital Improvement Fund (GCIF) in 2015/2016 for costs associated with Westminster Station to prepare for commuter rail service in 2016 and re-energize development opportunities in this part of the City.



**EXCELLENCE IN CITY SERVICES**

- The 2015 Budget includes an additional 0.3 FTE for a Planner position, along with 1.5 full-time temporary positions in Planning and Engineering, to help improve customer service and address increased development review activity.
- In 2016, a new 1.0 FTE Fire Inspector position is included to improve front line fire inspection and prevention efforts.
- Starting in 2015, an additional \$60,000 in overtime is budgeted in the Fire Department to increase availability for a fifth ambulance, which will improve response times and service to the community.
- The Budget provides for the creation of a new mobile application team that will include a new 1.0 FTE Software Engineer in 2015 and a 1.0 FTE Technical Support Specialist in 2016. New mobile applications will be targeted at improving operating efficiencies, community engagement and ease of access to City services.

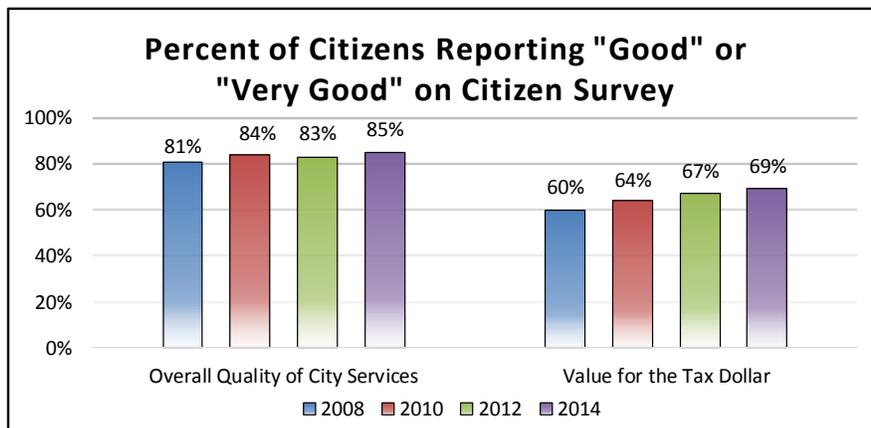
**EASE OF MOBILITY**

- The budget provides approximately \$525,000 in additional funding to address street maintenance and repair. An additional 14 miles of street will receive treatment, which represents an increase from 85 miles maintained in 2014 to 99 miles in 2015 (16% increase).
- Funding is provided for an Enhanced Mobility and Connectivity Study and associated pilot projects. This new project envisions enhancing citizen, business and visitor mobility throughout the City and improving access to and connectivity between existing City services and facilities.

**CITIZEN SURVEY RESULTS**

Every two years, the City conducts a citizen survey to measure residents’ satisfaction levels with City services and gather opinions on specific policy questions. This survey was conducted in 2014. The data from the survey was used by Staff and City Council to help in the prioritization of services and funding for the 2015/2016 Budget.

Overall, the results of the Citizen Survey continue to be very positive. In 2014, ratings were similar or above ratings given in 2012. When compared to ratings given by residents in other jurisdictions across the country, Westminster’s ratings were generally higher. Comparisons to other Front Range communities were mostly above or similar to the benchmark. In 2014, one-quarter of survey respondents rated the overall quality of life in Westminster as very good and another six in ten rated it as good, similar to previous years. Ratings of aspects of quality of life were similar to the national and Front Range averages. Nine in ten residents gave positive marks to Westminster as a place to live, eight in ten gave positive marks to Westminster as a place to raise children and two-thirds gave positive ratings of Westminster as a place to retire. More than eight in ten Westminster residents gave good or very good ratings to the overall quality of services provided by the City, a rating that was above the benchmarks. Nine in ten survey respondents felt the City was heading in the right direction, similar to 2012. Westminster was above national and Front Range average for residents receiving good value for their taxes. The City ranked first in the nation of nine cities and first of five cities in the Front Range (asking the question) for perceptions of City Council caring what people think.



## **TAX COMPARISONS**

### **Property Tax**

Property taxes are projected to comprise less than 5% of General Fund revenues in 2015 and 2016. The City's property tax mill levy continues to be one of the lowest among Front Range cities. The property tax mill levy rate of 3.65 mills is maintained in the 2015/2016 Budget at the 2012 level. These are the 23rd and 24th consecutive years that the City's mill levy has been at 3.65 mills. The chart below provides a property tax comparison to 11 Front Range communities. Some of the cities listed use special districts to provide some of the services that the City of Westminster, a full-service city, provides to its residents. For example, fire district mill levies are included along with municipal levies for those municipalities that do not provide fire protection services. This table includes figures that represent the portion of the homeowner's property tax bill that goes towards municipal services and fire protection.

### **2014 Property Tax Rate Comparisons**

City	City Levy	Fire Protection District Levy*	City and Fire Levy	Property Taxes \$250,000 Home
Northglenn	11.597	11.176	22.773	\$455.79
Broomfield (City)	11.457	11.176	22.633	\$453.00
Fort Collins	9.797	10.595	20.392	\$380.05
Arvada	4.310	14.806	19.116	\$274.42
Lakewood	4.711	13.774	18.485	\$365.62
Littleton	6.662	7.678	14.340	\$285.37
Longmont	13.420	-	13.420	\$267.06
Boulder	11.981	-	11.981	\$204.87
Aurora	10.653	-	10.653	\$208.83
Thornton	10.210	-	10.210	\$203.18
Loveland	9.564	-	9.564	\$190.32
Westminster	3.650	-	3.650	\$72.64

\*Northglenn, Broomfield, Fort Collins, Lakewood, Arvada and Littleton use fire protection districts to provide fire suppression services to their residents. (Northglenn and Broomfield utilize North Metro Fire and Rescue District; Fort Collins utilizes Poudre Valley Fire Protection District; Lakewood utilizes West Metro Fire Protection District; Arvada utilizes Arvada Fire Protection District; Littleton utilizes Littleton Fire Protection District.)

### **Sales and Use Tax**

The City's total sales and use tax rate is comprised of three components: general, POST (parks, open space and trails) and public safety. A breakdown is provided below:

<b>Westminster Sales &amp; Use Tax Rate</b>	
General	3.00%
POST	0.25%
Public Safety	0.60%
<b>Total City Rate</b>	<b>3.85%</b>

Sales and use tax remains the City's largest General Fund revenue source. In 2015 and 2016, sales and use tax is projected to comprise approximately 65% of General Fund revenues. While the City's total sales and use tax rate is above the average in the Front Range, it still remains very competitive. Below is a comparison to the same 11 Front Range communities. The following table only highlights general, POST and public safety tax rates (if applicable).



### 2014 Sales Tax Rate Comparisons

City	Municipal Sales Tax Rate	Municipal Sales Tax Paid on \$50 Purchase
Broomfield (City)	4.15%	\$2.08
Northglenn	4.00%	\$2.00
Fort Collins	3.85%	\$1.93
Westminster	3.85%	\$1.93
Aurora	3.75%	\$1.88
Thornton	3.75%	\$1.88
Arvada	3.46%	\$1.73
Boulder	3.41%	\$1.71
Longmont	3.275%	\$1.64
Loveland	3.00%	\$1.50
Littleton	3.00%	\$1.50
Lakewood	3.00%	\$1.50

#### **REVENUES AND EXPENDITURES OVERVIEW**

In the City of Westminster, available revenues drive expenditures and determine the City’s capacity to provide essential and quality of life services. Due to the economic re-set, increasing regional competition for retail sales, slowing growth and other factors, a modest growth pattern is anticipated for many of the City’s revenue sources.

The total 2015 Budget for all funds is \$192,534,667 exclusive of \$52,530,630 in reserves and budgeted carryover and \$1,000,000 in contingencies. The amount in reserve includes the General Reserve, General Fund Stabilization Reserve, Utility Rate Stabilization Reserve and the Utility Capital Projects Reserve Funds; the budgeted carryover includes the Golf Course, Conservation Trust, General Capital Improvement and Debt Service Funds; and the contingency amount includes the General Fund contingency.

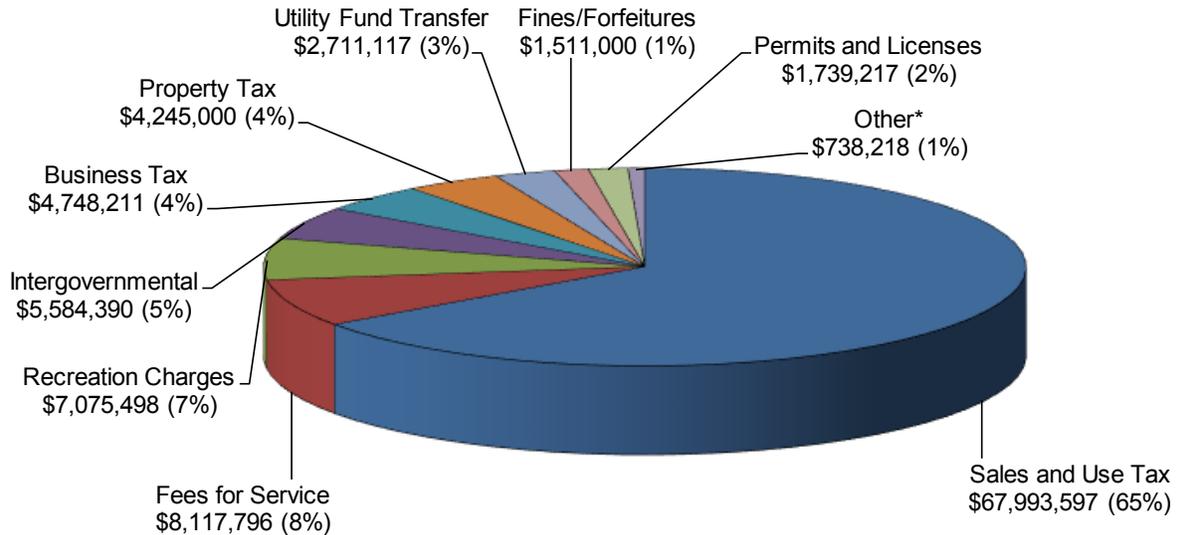
The total 2016 Budget for all funds is \$206,388,197, exclusive of \$40,623,087 in reserves and budgeted carryover and \$1,000,000 in contingencies. The amount in reserve includes the General Reserve, General Fund Stabilization Reserve, Utility Fund Rate Stabilization Reserve, Utility Fund Capital Project Reserve; the budgeted carryover includes the Golf Course and Debt Service Funds; and the contingency amount includes the General Fund contingency.

#### **Fund Overview**

##### **General Fund**

The General Fund is the City’s primary operating fund and provides revenues for public safety, streets, community development, parks, recreation, libraries and other general government services. Total available General Fund revenue is \$104,464,044 for 2015, which is a 4.7% increase over the 2014 estimated revenue of \$99,819,007 (excluding carryover). This change for 2015 is primarily due to increases in Sales and Use Tax revenue to be transferred to the General Fund, recreation revenues, other miscellaneous revenue adjustments and the final increase of \$1 per month for the City’s infrastructure fee. Reductions in court fines and emergency medical services (EMS) billings are the result of changes of traffic enforcement by the Police Department (including the impacts of construction along U.S. 36) and changes at the federal level associated with health care impacting the City’s ability to be reimbursed for costs incurred in transporting patients.

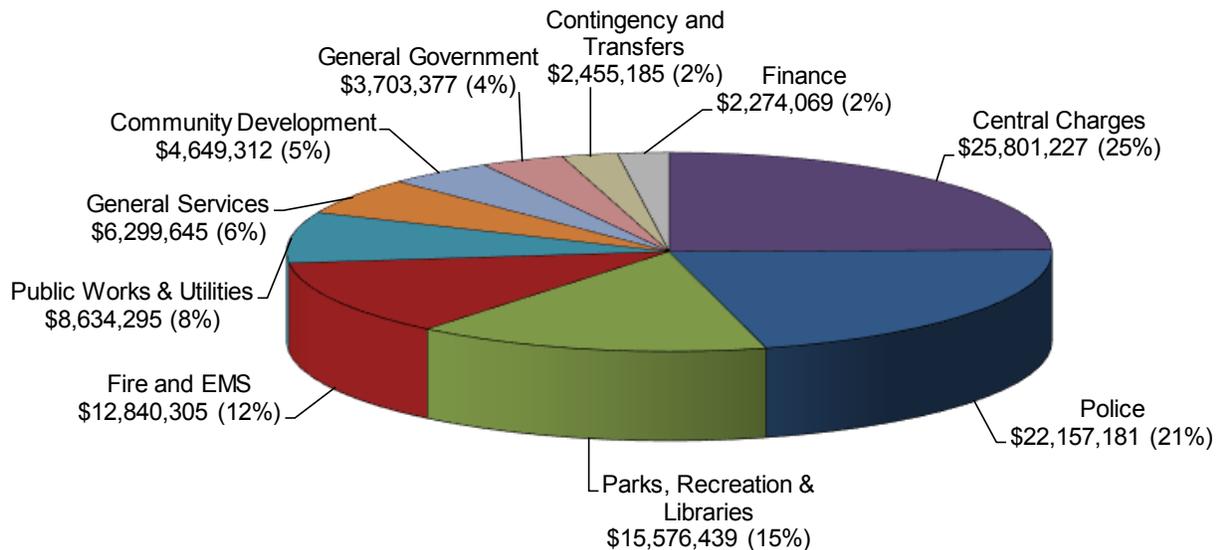
**2015 General Fund Revenues by Source**



\* "Other" includes Admissions Tax, Interest Income, Reimbursements and Contributions

Total 2015 expenditures for the General Fund are \$104,464,044, which is a 1.3% increase over the Adjusted 2014 Budget. This budget includes all transfer payments and a contingency amount of \$1.0 million.

**2015 General Fund Expenditures by Department**

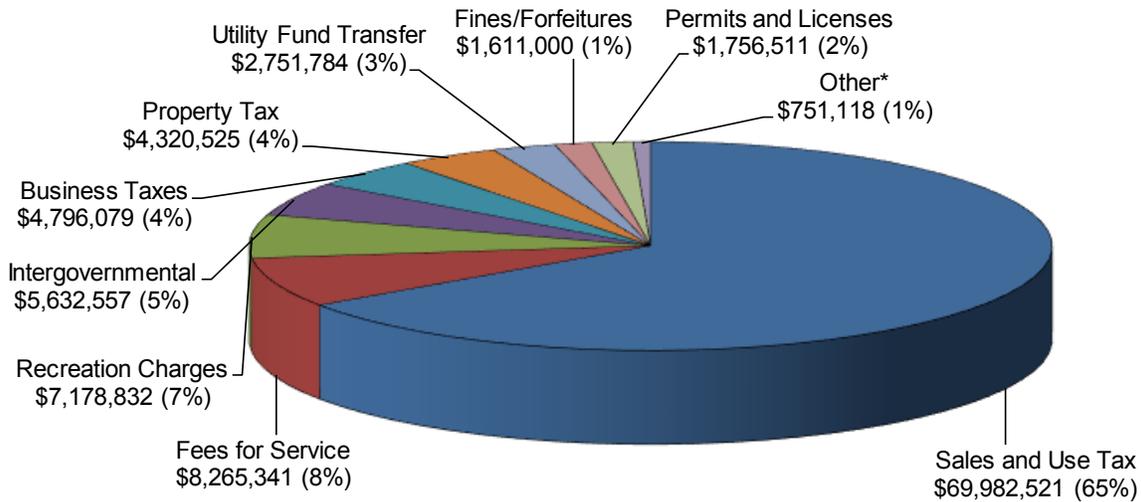


Central Charges serves as the centralized budgeted location for employee benefits. Central Charges reflects medical, dental, life and disability insurance benefits for employees budgeted in the General Fund. Central Charges also reflects transfer payments to other funds, including Property/Liability and Workers Compensation, and includes certificate of participation (COP) payments.



The 2016 Budget provides for General Fund revenue projected at \$107,046,268, which is a 2.5% increase over the 2015 revenue. This is mainly due to an increase in Sales and Use Tax revenue to be transferred to the General Fund, increase in property tax revenue (due to increases in assessed valuation), recreation revenues and increases in other miscellaneous revenues.

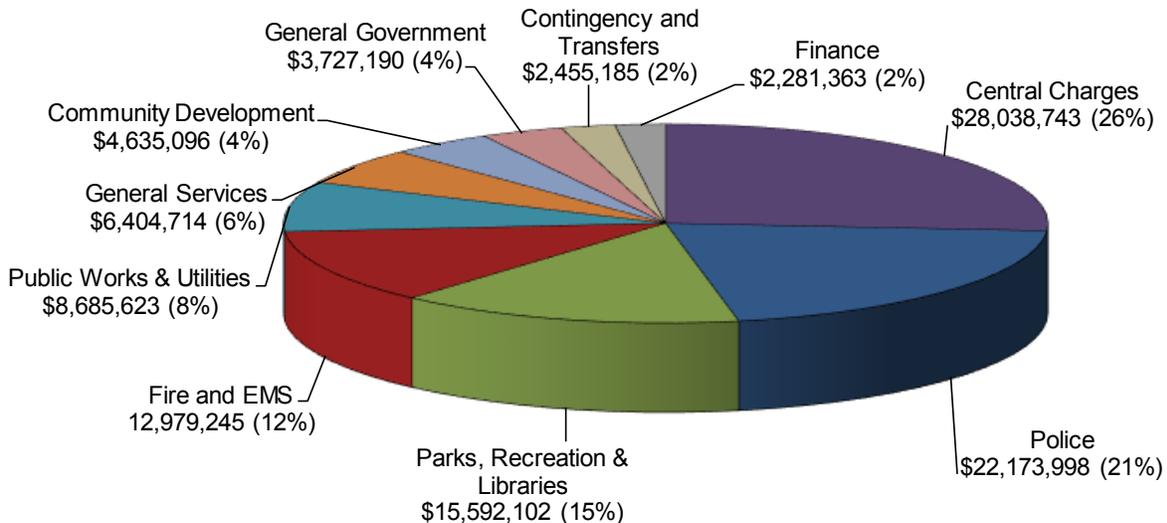
**2016 General Fund Revenues by Source**



\* "Other" includes Admissions Tax, Interest Income, Reimbursements, and Contributions

Total 2016 expenditures for the General Fund are \$107,046,268, which is a 2.5% increase over the 2015 Budget. This budget includes all transfer payments and a contingency of \$1.0 million.

**2016 General Fund Expenditures by Department**



Central Charges serves as the centralized budgeted location for employee benefits. Central Charges reflects medical, dental, life and disability insurance benefits for employees budgeted in the General Fund. Central Charges also reflects transfer payments to other funds, including Property/Liability and Workers Compensation, and includes certificate of participation (COP) payments. In budgeting projected salary adjustments for the second year of the budget, the total amount is included in Central Charges temporarily and will be distributed out to departments after the mid-year review with City Council; as such, the salary adjustments are reflected above in Central Charges.

### **General Reserve Fund**

The General Reserve Fund is intended to act as a source of funds for unusual, unanticipated, one-time expenditures and for emergencies. These funds also serve to keep the City in compliance with Article X, Section 20 of the Colorado State Constitution. In 2015, a fund total of \$10,347,644 is budgeted, which includes expected interest to be earned from fund investments during 2015. The 2015 General Reserve Fund is a 2.8% increase over the estimated year-end total 2014 Reserve Fund of \$10,068,076 and represents 10% of the total 2015 General Fund expenditures, excluding contingency. In 2016, the General Reserve Fund is budgeted at \$10,611,391 and represents a 2.5% increase over the 2015 General Reserve Fund. The 2016 General Reserve Fund represents 10% of the total General Fund expenditures for that year. For both 2015 and 2016, the General Fund Reserve maintains City Council's policy of a balance at or above 10% of General Fund expenditures through a transfer of \$198,000 in 2015 and \$180,000 in 2016 from the City's Sales and Use Tax Fund.

### **General Fund Stabilization Reserve**

In August 2009, City Council passed a resolution creating the General Fund Stabilization Reserve (GFSR). The GFSR is intended to level the ebbs and flows of revenue collections, particularly the sales and use tax revenues, and smooth out any peaks or valleys that may result from the unpredictable nature of this primary revenue source. This fund is intended to serve as a stabilizer during reduced revenue collections, allowing City services to continue to be delivered despite downturns in the economy. The GFSR is to be replenished in more favorable revenue collection years or from carryover funds. The GFSR operates separately from the General Reserve Fund, retaining a separate and distinct balance and earning interest accordingly.

When not in an economic downturn, the target amount of the General Fund Stabilization Reserve (GFSR) in any given year shall range from 5% to 10% of the total Sales and Use Tax Fund revenues for that year. For 2015, Sales and Use Tax revenues are \$74,923,597, resulting in an anticipated GFSR target range of \$3,746,179 to \$7,492,359. The GFSR is budgeted at \$4,855,783 for 2015, which is 6.5% of the total 2015 Sales and Use Tax Fund. For 2016, Sales and Use Tax Fund revenues are \$76,603,521, resulting in a GFSR target range of \$3,830,176 to \$7,660,352. In 2016, the GFSR is budgeted at \$5,101,529 and represents 6.7% of the Sales and Use Tax Fund. The Budget includes a transfer of \$52,000 in 2015 and \$206,000 in 2016 from the Sales and Use Tax Fund to the GFSR.

The General Fund Stabilization Reserve is utilized to fund General Fund operations, General Capital Improvement Fund projects and/or General Capital Outlay Replacement Fund capital outlay costs as needed should significant expenditure reductions be required to remain within available revenues. This fund may be tapped prior to, in conjunction with, or as a final step after budget reductions have been made.

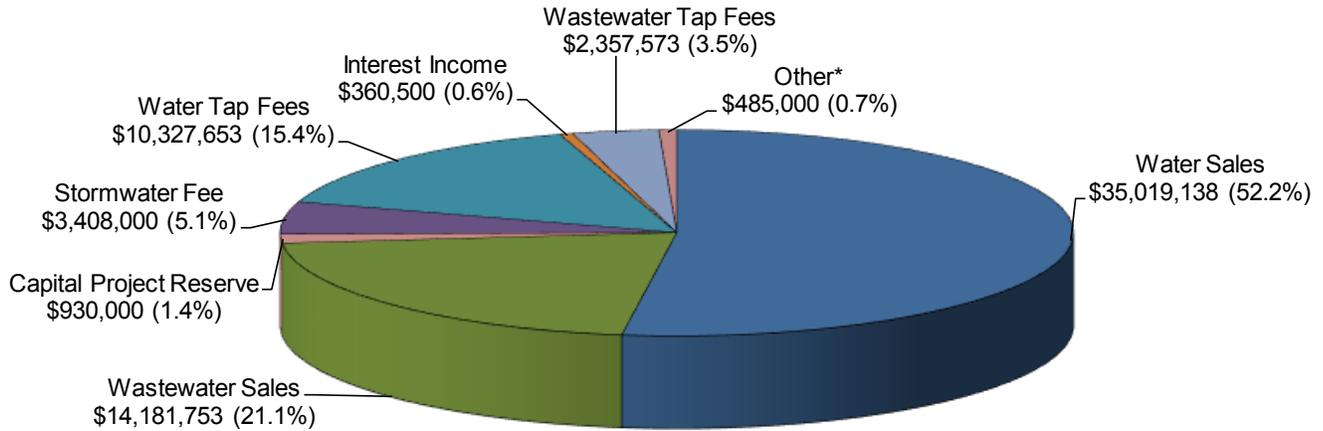
### **Utility Enterprise Fund**

The City develops water and wastewater utility rates to pay for the costs of operating and maintaining the City's water and wastewater infrastructure. Following City Council's policy to pursue regular modest rate adjustments versus occasional, major rate increases, water rates are set to increase by 4% each year in 2015 and 2016. Wastewater rates will increase by 6.25% each year in 2015 and 2016. These rate increases are a continuation of the City's financial policies to provide for the long-term repair and replacement of the City's aging utilities by gradually reducing the reliance on one-time tap fees as the City approaches build out conditions. These rate adjustments will allow the City to meet current and future needs and make the utility system sustainable. They will also help mitigate the possibility of larger rate increases in the future. The combined 2015 increase in cost for the average single-family home is estimated at \$2.80 per month. The combined 2016 increase over 2015 is estimated at \$2.94 per month. These increases are part of a larger funding picture over the long-term that interplays with an anticipated debt issue for capital projects in 2017. More information on this anticipated debt issue can be found in the Capital Improvement Program section of this Budget Message.



The total Utility Enterprise Fund revenue for 2015 is \$67,069,617, which represents a 3.9% decrease from the 2014 estimated revenue of \$69,757,468 (which excludes carryover).

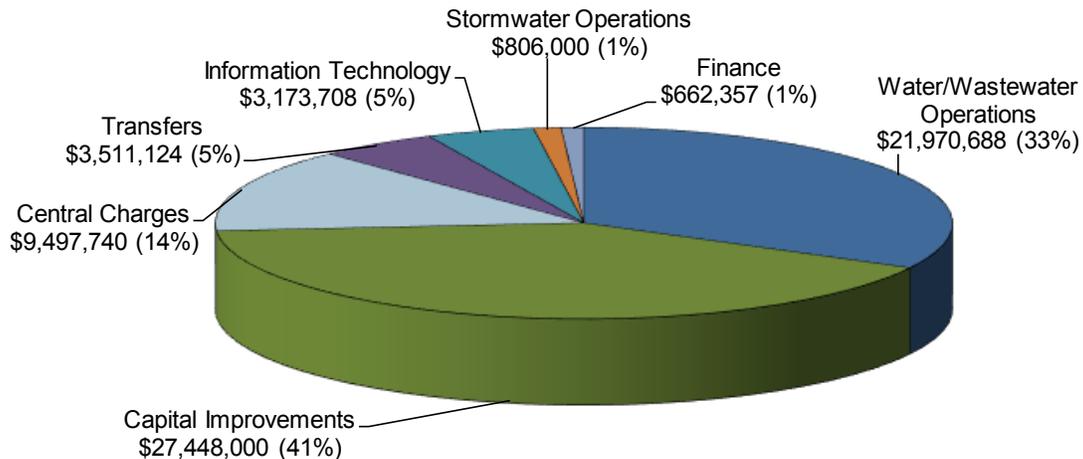
**2015 Utility Fund Revenues by Source**



\* "Other" includes Contractor's License Fees and Miscellaneous Income

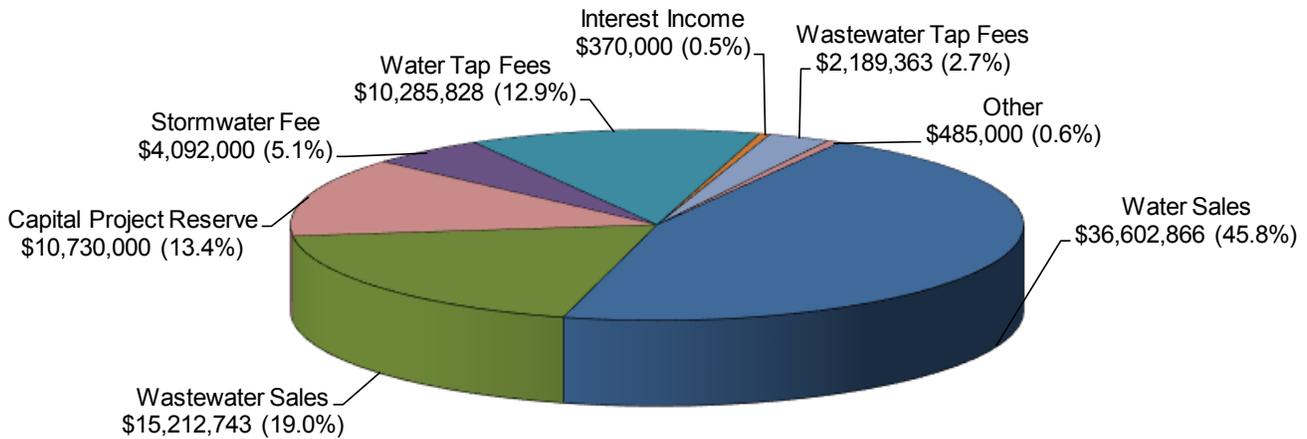
Expenditures for the 2015 Utility Enterprise Fund budget total \$67,069,617, which is a decrease of 9.1% from the 2014 Adjusted Budget of \$73,785,001, including carryover. A total of \$930,000 of Utility Fund Capital Project Reserve will be utilized in 2015 to continue wastewater system repair and replacement efforts to the infrastructure through capital project improvements. The Utility Enterprise Fund is comprised of water and wastewater operations, stormwater drainage services and capital improvements.

**2015 Utility Fund Expenditures**



The total Utility Enterprise Fund revenue is \$79,967,800 for 2016, which represents a 19.2% increase over the 2015 revenue. As previously stated, water rates are budgeted to increase by 4.0% and wastewater rates are budgeted to increase by 6.25% in 2016. These rate increases will allow the City to continue to address its critical water and wastewater infrastructure needs while providing for long-term system sustainability. A significant investment in the infrastructure is budgeted through the use of Capital Project Reserve Funds.

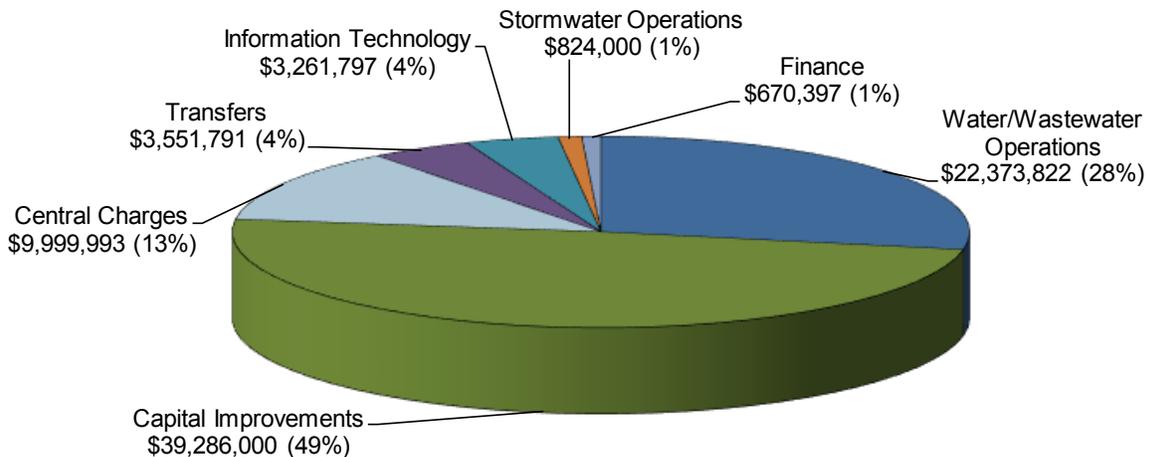
**2016 Utility Fund Revenues by Source**



\* "Other" includes Contractor's License Fees and Miscellaneous Income

Total 2016 Utility Enterprise Fund expenditures is \$79,967,800, which is an increase of 19.2% from the 2015 Budget. A total of \$10,730,000 of Utility Fund Capital Project Reserve will be utilized in 2016 to continue water and wastewater system repair and replacement efforts to infrastructure. This budget includes continuation of an aggressive Capital Improvement Program focused on the repair and replacement of the City's water and wastewater system to ensure high-quality and reliable service.

**2016 Utility Fund Expenditures**





### **Stormwater Drainage Fund**

Managed as a sub-fund of the Utility Enterprise Fund, the Stormwater Drainage Fund has allowed the City to operate and maintain the City's drainage systems, complete drainage improvement projects and comply with the federally mandated National Pollution Discharge Elimination System (NPDES) requirements for stormwater drainage. The Stormwater fee funds the implementation of drainage improvements for flood control, the retrofitting of existing detention ponds for water quality, street sweeping activities for water quality purposes and the updating of the storm sewer system. 2015 and 2016 will represent years two and three of a three-year implementation for a City Council adopted rate increase. The fee will increase from the current \$4/month rate in 2014 to \$5/month in 2015 and \$6/month in 2016.

In 2015, this sub-fund is budgeted at \$3,408,000; it funds operating costs totaling \$806,000 and the balance of funds are utilized for capital improvement to the storm drainage system citywide. The 2016 budget will increase to \$4,092,000 and fund operating costs of \$824,000, with the increased revenues being applied towards capital improvements. Major 2015 projects include Little Dry Creek Storm Drainage/Detention from Lowell Boulevard to Federal Boulevard (Westminster Station and South Westminster Transit Oriented Development) and Ranch Creek at 120th Avenue and Federal Boulevard. The Little Dry Creek project will continue in 2016. Other 2016 projects include South Branch of Hylands Creek, Big Dry Creek Stabilizations, Middle Cotton Creek and City Park Channel Phase Two. Project descriptions can be found in the Capital Improvement Program section of this 2015/2016 Budget.

### **Utility Reserve Fund**

The City maintains two utility reserve funds: The Rate Stabilization Reserve and The Capital Projects Reserve.

**Rate Stabilization Reserve (RSR)** – The RSR offsets revenue risk associated with low-water-demand years by preventing the need to increase rates unexpectedly. Recognizing that the majority of the Utility's operating expenses are fixed, while the majority of the revenues are variable, the RSR acts as a "Rainy Day Fund." Revenue shortfalls that may result from variations in the weather or other impacts to the Utility's rate revenue stream are made up by withdrawals from the RSR, while additional rate revenue produced during years of greater than anticipated water use is deposited into the RSR. The RSR "target amount" is sized as a percentage of the annual budgeted revenues (25% of the budgeted water rate revenues, 10% of the budgeted wastewater rate revenues) for the current year. The RSR balance maximum is 140% of the target amount, and the minimum is 70%. If the RSR reaches its maximum, funds flow into the Capital Project Reserve (CPR) for funding capital improvement projects. A total of \$13,298,552 in 2015 and \$13,405,331 in 2016 is budgeted for the Rate Stabilization Reserve, which keeps the fund in compliance with Council's adopted policy.

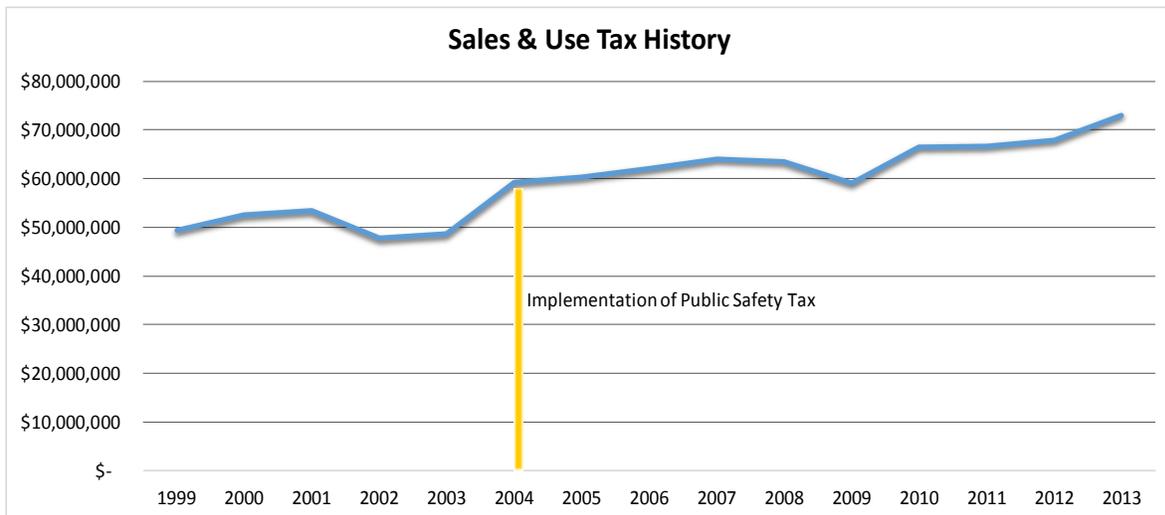
**Capital Projects Reserve (CPR)** – The CPR allows the Utility to address short- and long-term capital needs. The Utility's Capital Improvement Program (CIP) is developed based on identified repair and replacement needs, as well as growth-related improvements. As CIP projects can often be costly expenses, proactive funding is required to be developed over multiple years. The CPR pays for identified capital projects within the CIP. The CPR is to be used only on capital projects and is funded through tap fee and rate revenues. The CPR is not to exceed 40% of the 5-year water and wastewater Capital Improvement Program. Using the 2015-2019 Capital Improvement Plan budget, this amount is \$49.5 million for water and \$21 million for wastewater. The minimum balance is \$3 million for the water reserve and \$2 million for the wastewater reserve. To date, neither the water nor the wastewater CPR has reached the maximum level. In 2015, \$22,009,647 is budgeted for the Capital Projects Reserve at year-end, which includes the expenditure of \$930,000 for wastewater system capital improvement projects. In 2016, a total of \$10,730,000 will be utilized for water and wastewater system capital improvement projects. This will leave a year-end balance of \$11,371,780 in 2016.

**Sales and Use Tax Fund**

In Colorado, sales and use tax is the primary funding source for essential municipal government services, and this reality is no different in Westminster. Historically, sales and use tax revenue has made up approximately 65% of the City’s total General Fund revenues. Following the challenges of “the Great Recession,” sales and use tax revenues are on the rebound. In 2013, total collections were 7.7% over 2012 collections. Although still positive, year-to-date collections for 2014 have slowed slightly (up 3.4% from the same period last year) and demonstrate the need for caution with future budget commitments.

The City is anticipating modest increases in sales tax revenue over the next two years. The Sales and Use Tax Fund revenue is \$74,923,597 in 2015, which is a 1.2% increase from the 2014 estimated revenue of \$74,019,026 (which excludes carryover). Sales tax returns, which constitute the largest share of the Sales and Use Tax Fund revenues, are projected to be \$61,628,463 for 2015; this is an increase of 1.7% from the 2014 estimated sales tax returns of \$60,598,859. The 2015 Sales and Use Tax Fund contains a \$67,993,597 transfer to the General Fund, which is a 5.9% increase over the 2014 estimated transfer of \$64,210,335. In addition, this fund includes a transfer of \$2,680,000 to the General Capital Improvement Fund (GCIF); a transfer to the Debt Service Fund totaling \$4,000,000; a transfer of \$198,000 to the General Reserve Fund; and a transfer of \$52,000 to the General Fund Stabilization Reserve. The transfer to the General Reserve Fund will maintain the reserves at the 10% of General Fund expenditures, excluding contingency.

The 2016 Sales and Use Tax Fund revenue is projected to be \$76,603,521, which is a 2.2% increase from the 2015 revenue. Sales tax returns are budgeted at \$62,867,826 for 2016, an increase of 2.0% over budgeted 2015 returns. The 2016 Sales and Use Tax Fund contains a \$69,982,521 transfer to the General Fund, which is a 2.9% increase over the 2015 transfer. This fund also includes a transfer of \$2,335,000 to the GCIF; a transfer to the Debt Service Fund totaling \$3,900,000; a transfer of \$180,000 to the General Reserve Fund; and a transfer of \$206,000 to the General Fund Stabilization Reserve. The transfer to the General Reserve Fund will maintain the reserves at the 10% of General Fund expenditures, excluding contingency.



\*Includes General and PST revenues

**Parks, Open Space and Trails (POST) Fund**

In 1985, voters in the City of Westminster approved a sales tax specifically earmarked to acquire and preserve open space land within the City. At that time, the City of Westminster Open Space Program was only the second municipal sales tax funded open space program in the state of Colorado. Since then, the City has preserved 3,087 acres of open space, which is 14.3% of the City's land mass. 158 additional acres are needed to achieve the City's goal of preserving 15% of land area as open space. This goal is anticipated to be achieved in 2014 following pending re-designations of undeveloped park land to open space. Now that the goal of acquiring properties has been attained, City Council has directed Staff to shift the focus of the open space program from acquisition to management and stewardship. The recently-developed Open Space Stewardship Plan focuses on the City's shift of priorities to maintenance and stewardship. It identifies the different land classes found in the City's open space inventory, provides the cost to maintain these natural resources and includes recommendations of needed resources. This plan also examines future capital improvements, the trails master plan, the wayfinding system and funding sources. The plan is intended to help guide future policy and resource allocation decisions, which will be considered as part of the City's regular budget development process. As part of this transition to maintenance, funds previously appropriated in the Community Development Department related to open space activities will be transferred to the Parks, Recreation and Libraries Department. These expenses include staffing, professional services and other costs.

Due to the upcoming retirement of several debt obligations, additional funding is anticipated for maintenance/stewardship activities in future years. 2016 is the final year of payment for certificates of participation (COPs) associated with the Metzger Farm property acquisition by the Broomfield-Westminster Open Space Foundation, but most of this payment in 2016 is anticipated to be covered by funds in the required debt service reserve fund associated with these COPs. Therefore, approximately \$550,000 will be available for stewardship and maintenance activities in 2016, along with capital project needs. A major new item for 2016 is the addition of a new open space maintenance crew, including 1.0 FTE Recreational Specialist (Naturalist), 1.0 FTE Horticultural Specialist, and 2.0 FTE Parkworkers. This action will start to implement the completed Open Space Stewardship Plan. Following 2016, the retirement of additional debt associated with open space acquisitions is anticipated in 2017 and will provide approximately \$1 million in revenues to be considered for programming through the City's budget process. Specific proposals will be presented in the future as part of budget considerations.

Total POST Fund revenues are projected at \$5,496,403 for 2015 (excluding carryover), which is 1.5% more than the 2014 estimate of \$5,414,579 (excluding carryover). In 2015, \$170,000 is budgeted in carryover to assist with capital improvement needs. Expenditures for 2015 include a transfer to the Debt Service Fund for 2007 POST issue totaling \$3,531,337 and lease payments for the Metzger Farm COPs totaling \$391,349 (an additional \$175,000 is paid for Metzger Farm COPs from the Adams County Open Space Land Acquisition CIP project account, making the 2013 COP payment for the Metzger Farm total \$566,349). Remaining funds are split between ongoing maintenance and capital projects related to park, trail and recreation capital improvements. A transfer payment to the Heritage is budgeted for 2015 totaling \$250,371 to help cover the debt service costs for that golf course.

The total POST Fund is budgeted at \$5,603,927 for 2016, which is a 2.0% increase over the budgeted total for 2015 (excluding carryover). Expenditures for 2016 include a transfer to the Debt Service Fund for 2007 POST issue totaling \$3,529,160. A transfer payment to the Heritage is included again for 2016 totaling \$250,371 to help cover the debt service costs for that golf course.

**Debt Service Fund**

The Debt Service Fund addresses the City's non-Utility Fund and other enterprise fund debt payments. The 2015 budgeted expenditure level of \$7,704,333 reflects payments on the following items: the 2001 Sales Tax (STX) Revenue Bonds, the 2007A and C Sales Tax (STX) Revenue Refunding Bonds, the 2010 STX

Revenue Refunding Bonds, the 2007B Parks Open Space and Trails (POST) Revenue Refunding Bonds, and the 2007D POST Revenue Bonds. The detailed Debt Service Schedule is presented in the Revenues and Expenditures Summary section of the Budget. The 2016 budgeted expenditure level of \$7,694,808 will provide another year of payments on these debt issues.

### **Westminster Economic Development Authority Fund**

The Westminster Economic Development Authority (WEDA), the City's urban renewal authority, enables the City to utilize tax increment financing for needed development/re-development in specific urban renewal areas (URA's) throughout the City. Westminster's City Council serves as the Board of Directors for WEDA. The Authority acts in a separate capacity from the City. WEDA revenues are used to pay for debt service on bonds and for other WEDA expenses, such as economic development agreement payments, contractual services for certain maintenance expenses and loans from other funds. WEDA revenues are derived from the sales tax and property tax increment generated in each specific URA. Summary information on WEDA 2015/2016 budgets are provided in the "Miscellaneous Funds" section of this Budget document.

### **Golf Course Enterprise Fund**

Golf Course revenues continue to improve. In 2013, green fee revenues for Legacy Ridge were up approximately 2.7% compared to 2012 and The Heritage was up approximately 1.4%. Staff anticipates this positive growth to continue and be maintained into the future. The elimination of the Heritage airport lease and associated annual operating costs for this lease payment has reduced the annual subsidy provided to the Golf Course Fund by close to \$100,000.

Expenditures for Legacy Ridge and The Heritage in 2015 total \$3,937,720, which includes Central Charges and facilities (Legacy Ridge=\$1,665,985; The Heritage=\$2,056,735; and \$215,000 for capital improvement projects). Projected revenues for 2015 total \$3,283,750 (charges for services only; this does not include any transfers; Legacy Ridge=\$1,746,984, The Heritage=\$1,536,766). In 2014, total transfers from the POST Fund and the General Capital Improvement Fund (GCIF) amounted to \$579,143. The budget for 2015 results in a subsidy transfer reduction of \$143,772 in 2015 compared to 2014, for a total transfer of \$435,371. Included in the 2015 budget is a transfer of \$84,598 from Legacy Ridge to The Heritage to assist with debt service, as revenues are projected to exceed expenditures for Legacy Ridge. In addition, a total of \$215,000 of carryover funds are budgeted to assist with capital improvement needs at the two golf courses in 2015. The Heritage certificates of participation (COPs) payment totals \$496,750 in 2015.

Expenditures for Legacy Ridge and The Heritage in 2016 total \$3,872,126, which includes Central Charges and facilities (Legacy Ridge=\$1,655,523; The Heritage=\$2,086,603; and \$130,000 for capital improvement projects). Projected revenues for 2016 total \$3,307,068 (charges for services only; this does not include any transfers; Legacy Ridge=\$1,755,223, The Heritage=\$1,551,845). The budget for 2016 results in a subsidy transfer payment of \$480,371 from the POST Fund and GCIF. The budget for 2016 will result in a subsidy reduction of \$45,000 in 2016 compared to 2015. Included in the 2016 budget is a transfer of \$54,387 from Legacy Ridge to The Heritage to assist with debt service. In addition, a total of \$130,000 of carryover funds is budgeted to assist with capital improvement needs at the two golf courses in 2016. The Heritage certificates of participation (COPs) payment totals \$495,800 in 2016. Staff continues to pursue creative ways to increase golf rounds while maintaining a high-quality golfing experience for customers.

### **Fleet Maintenance Fund**

The City currently operates a fleet of 550 vehicles requiring regular maintenance and service. In 2015, an increase of \$160,364 is budgeted in the Fleet Maintenance Fund, which increases total budget from \$2,536,530 to \$2,696,894. Of the increase, \$80,956 is associated with increased parts costs and \$20,000 is associated with tire costs and replacement needs. Other increases are associated with regular salary adjustments and monitoring costs for cellular/monitoring charges associated with the Fleet Global Positioning



System (GPS) units on vehicles. GPS monitoring was implemented in 2014 and will assist with ongoing fuel management and idling mitigation. The system also automates the inspection process and interface with the Fleet Maintenance preventative maintenance program to streamline the ordering of parts and other tasks related to maintaining the equipment in a safe manner. Based on these efforts, fuel lock strategies and market forecasts, the City will maintain the 2015 fuel budget at 2014 levels at \$1,082,036. In 2016, the Fleet Maintenance Fund budget totals \$2,765,364, which is an increase of \$68,470. This increase is associated with salary adjustments, additional technical training, and license fees associated with the FASTER maintenance software. Fleet Maintenance is funded by an internal service charge to departments for fuel consumption and vehicle maintenance costs.

### **Property/Liability and Workers Compensation Funds**

The Workers Compensation Fund will remain at the 2014 adopted level in 2015 and 2016 at \$960,055. The Property Liability Fund will remain at the 2014 adopted level in 2015 and 2016 at \$1,295,137. Both of these risk management funds have adequately funded reserves. These funds primarily provide resources to address insurance and claim costs and is funded by transfer payments from the General and Utility Funds.

### **General Capital Outlay Replacement Fund (GCORF)**

This fund finances the replacement of vehicles (except utility vehicles), replacement computers, replacement mobile devices and replacement copiers. GCORF is funded by an equipment rental charge to the General and POST Funds for vehicles and copiers (general, public safety and POST) and a PC replacement fee to all funds for computers. This fund levels capital outlay expenses in the operating budget and provides for ongoing vehicle, heavy equipment, computer and copier replacement needs.

In early 2014, Staff completed a 15-Year Vehicle/Equipment Replacement Plan to “smooth out” replacements to a manageable level, both from a budgetary and operational standpoint. This followed a Fleet Optimization Study completed in 2011, whereby vehicles/equipment were assessed to ensure that the “right tool” was available for the job and that each vehicle/equipment was being optimized. A total of 14 vehicles and two pieces of heavy equipment were eliminated, avoiding approximately \$945,000 in future replacement costs and \$38,000 in ongoing operating costs, as a result of right-sizing the fleet.

The development of the 15-Year Vehicle Replacement Plan involved revising replacement criteria by vehicle/equipment class (age, miles and maintenance costs) and developing strategies to prolong the useful life of vehicles/equipment (GPS monitoring, vehicle/equipment rotations, etc.). During the development of this plan, approximately 550 individual vehicles/pieces of heavy equipment were analyzed for their specific operational needs, fleet maintenance demands and costs. In order to avoid significant budgetary spikes, service impacts to customers due to decreased vehicle/equipment reliability and unsustainable demands on fleet maintenance operations, Staff developed a five-year “catch up” strategy for vehicles/equipment budgeted in GCORF. This plan addresses current replacement needs and results in a baseline budget of a little over \$1 million for the next five years in GCORF for general/non-public safety vehicles. Following the initial five-year period, it is anticipated that the vehicle budget baseline would drop to approximately \$850,000 over the following five years. This “catch up” strategy primarily allows for the replacement of critical street and park maintenance vehicles/equipment that have been delayed over the years due to available funding levels. Part of the funding strategy for the plan involves a cautious use of fund balance in GCORF, which was generated from years of cost savings and efficiencies.

The 2015 budget includes \$1,009,500 for general/non-public safety vehicles, of which \$859,500 is from 2015 funds in Central Charges, which represents an increase of \$307,000 in the GCORF vehicle/equipment funding level in the Amended 2014 Budget. The remaining \$150,000 will be appropriated from the current \$1,039,744 in fund balance in GCORF. Vehicles/equipment are also budgeted in Public Safety Tax (PST GCORF), POST (GCORF-POST) and the Utility Fund. The City will maintain the Amended 2014 level of funding for PST GCORF vehicles/equipment and utilize \$210,250 from the current \$1,058,388 in PST

GCORF fund balance, for a total public safety vehicle replacement budget of \$1,003,000 in 2015. The baseline level of funding for PST GCORF vehicles is roughly \$1 million per year for the next 12 years, followed by a modest increase to \$1.1 million. Utility Fund vehicles are presented in the Capital Improvement Program (CIP) section of this document and the 15-Year Plan was successful in “smoothing out” those replacements without the need for additional financial strategies. In 2015, the vehicles associated with POST operations will be funded through the GCORF in a dedicated account for POST Fund vehicles, just like the PST GCORF. A total of \$274,500 is budgeted in 2015 for new vehicles/equipment associated with the new Construction Crew in the Parks, Recreation and Libraries Department.

The 2016 Budget includes \$1,045,000 for general/non-public safety vehicles, of which \$895,000 is from 2016 funds in Central Charges, which represents an increase of \$35,500 in the GCORF vehicle/equipment funding level from the 2015 Budget. The remaining \$150,000 will be reallocated from the fund balance in GCORF. The City will reduce the 2016 level of funding for PST GCORF vehicles/equipment by \$100,000 to \$692,750 and utilize \$181,750 from the PST GCORF fund balance, for a total replacement amount of \$874,500 in 2016. This \$100,000 adjustment is associated with a down payment for a replacement fire engine; this amount is reflected in the Fire Department budget per the historical budgeting approach for down payments/lease payments for fire apparatus.

With the 2015/2016 Budget, an annual PC replacement fee of \$140 per desktop, \$275 per laptop and \$245 per tablet device will be charged to each department per year. In 2015 and 2016, this will provide \$280,766 in funding in each year to fund desktop, laptop and tablet replacements. This amount also includes \$95,000 per year semi/ruggedized mobile data terminals (MDT's) for the Police and Fire Departments. In 2015/2016 this also funds five new desktops, three new tablets and two new laptops in the General Fund; four new desktops, one new tablet and three new laptops in the Water Fund; and two new desktops in the Parks, Open Space and Trails (POST) fund. Most of these new devices are associated with additional staffing in 2015/2016.

In 2015/2016, Staff is continuing a consolidated budgeting approach for copier/multi-functional machine replacements. Depending on use, reliability, maintenance history and other factors, copiers/multi-functional devices typically need replacement every four to six years. Departments will continue to budget for maintenance, service and supply needs associated with the machines within their respective budgets. \$63,356 is provided in 2015 and \$8,065 in 2016 for these replacements. Based on functionality and size, replacement costs of these machines vary. Eleven machines (eight in GCORF and three in the water capital outlay replacement program) will be replaced in 2015 and two (one in GCORF and one in the water capital outlay replacement program) in 2016.

### **General Capital Improvement Fund and Conservation Trust Fund**

The General Capital Improvement Fund (GCIF) and Conservation Trust Fund includes funding for all 2015 and 2016 capital improvement projects, with the exception of utility system improvements budgeted in the Utility Enterprise Fund. A total of 65 GCIF capital improvement projects are included in 2015 at a cost of \$14,249,000. None of the 2015 GCIF Capital Improvement Program (CIP) projects are debt financed. The total GCIF for 2016 is \$11,072,000 and will fund 68 projects, 100% of which are on a “pay-as-you-go” basis.

The GCIF faces significant immediate and long-term financial challenges. In the short term, the City's success in being awarded state and federal grants with matching fund requirements is significantly impacting the 2015 budget. The City needs to provide \$1.4 million in local match monies for regionally significant roadway projects in 2015. In addition, pressures related to required betterments at Westminster Station (commuter rail) per an Intergovernmental Agreement with the Regional Transportation District are placing additional strain on the GCIF. The City faces a \$2.9 million funding need in 2015-2016. At the current



time, revenues are not available to fully meet this need without reducing or eliminating other important infrastructure projects. Staff has a strategy to utilize potential unbudgeted revenues related to an ongoing development negotiation to “fill the gap” for Westminster Station and Transit Oriented Development (TOD) efforts; Staff continues to strategize alternative funding options should this effort not come to fruition in a timely manner. These are “unbudgeted” funds since it was uncertain when/if this development would move forward when the budget was developed.

Due to the pressures above, the City will utilize \$1,539,000 in one-time project account balances in 2015 to help fill the short-term GCIF revenue shortfall. These dollars are available due to previous project cost savings, lack of short-term need for previously appropriated funding (e.g., FasTracks local match dollars for Northwest Rail), previous carryover appropriations and prior years’ attrition for capital project accounts associated with staffing.

The City’s annual revenues for the GCIF-non-park projects are primarily from two funding sources: Adams County road sales tax and the City’s sales and use tax revenues. No certainty exists about how long the Adams County revenue will be available and the City’s sales and use tax fluctuates, providing for capital investment as funding permits. Staff continues to evaluate long-term funding strategies. Staff anticipates returning to City Council at a future date to discuss options for funding the long-term needs of the City to reinvest in roads, facilities, technology and other City infrastructure. Alternative, stable, long-term funding options need to be evaluated to continue to maintain the high-quality environment that citizens and businesses expect in Westminster.

### **CAPITAL OUTLAY**

The City expends a portion of its budget each year on capital outlay needs throughout the organization. Capital outlay items include miscellaneous equipment, software and other devices that will enable City Staff to perform their jobs in the most efficient and productive manner possible. A sampling of the capital outlay items included in the City’s 2015/2016 Budget include: office furniture, law enforcement items, equipment for ambulances and fire engines, water meter and transponder units, equipment for water treatment plants, and park maintenance equipment.

In 2015, \$756,115 will be invested in capital outlay equipment in the General and Utility Funds (excluding the capital outlay items budgeted within the GCORF and Utility Capital Outlay Replacement Project (UCORP)). This represents a 1.1% increase from the Amended 2014 Budget. In the General Fund in 2015, the capital outlay budget is \$408,315, of which 63% is designated for the Police and Fire Departments.

In 2016, \$824,465 will be invested in citywide capital outlay equipment in the General and Utility Funds (excluding the capital outlay items budgeted within the GCORF and UCORP). In the General Fund in 2016, the capital outlay budget is \$361,815, of which 69% is designated for the Police and Fire Departments.

### **COMPENSATION AND STAFFING**

Based on salary market survey work, new positions, and step, merit and other adjustments, the budget includes a \$3.2 million increase to salary costs in 2015 across all funds. Staff has performed the City’s biennial market survey that examined 75 benchmark classifications with market upgrade recommendations impacting 92 classifications and 454.30 full-time equivalent (FTE) employees. Colorado Municipal League (CML) conducts a statewide wage survey where the City draws their initial information. The City’s market survey group includes professional “competitors” in local government, including Aurora, Arvada, Boulder, Broomfield, Denver, Fort Collins, Lakewood, Longmont and Thornton. West Metro Fire, North Metro Fire, select parks and recreation districts, and golf courses are also surveyed. Staff conducts a full analysis of the market data, which includes reviewing pay range minimum and maximums as well as actual wages of incumbent employees in each agency. This comprehensive review results in recommendations for classification adjustments.

In addition to these benchmark adjustments, 30 additional classification changes are being made based on department reorganizations. The cost of the classification adjustments is \$818,475. In addition to position market adjustments, the Budget provides a 1.5% market increase to the five benefited pay plans as a strategy to keep classifications within market, ensuring a competitive wage. The Budget also funds step increases for non-exempt employees as well as merit pay increases for exempt employees in 2015. Costs for the 1.5% market adjustment and step/merit increases total \$1,446,908.

In 2015, 14.5 FTE are included as new positions. These positions are highlighted individually in the Operating Budget Executive Summary section and total \$963,371 citywide (salary only).

Department / Division	Position Title	FTE	Salary (salary only)
City Manager's Office / Administration	Deputy City Manager	1.0	\$138,918
City Manager's Office / Communication and Outreach	Communication & Outreach Coordinator	1.0	\$63,707
Finance / Administration	Contract Coordinator	1.0	\$79,144
Community Development / Planning	Planner	0.3	\$20,547
Police Department / Investigation Services	Animal Management Officer	1.0	\$44,640
Police Department / Patrol Services	Sergeant	1.0	\$80,890
Parks, Recreation & Libraries / Recreation Programs (The MAC)	Recreation Specialist (cost shared with Hyland Hills Recreation District)	0.7	\$42,877
<b>GENERAL FUND TOTAL</b>		<b>6.0</b>	<b>\$470,723</b>
Information Technology	Software Engineer II	1.0	\$85,079
Information Technology	ERP Software Engineer	0.5	\$50,750
Public Works & Utilities / Utilities Operations	Maintenanceworker / Senior Maintenanceworker	3.0	\$107,799
Public Works & Utilities / Utilities Operations	Foreman	1.0	\$59,615
Public Works & Utilities / UPED (Water Quality Section)	Engineer / Senior Engineer	1.0	\$81,802
<b>UTILITY FUND TOTAL</b>		<b>6.5</b>	<b>\$385,045</b>
Parks, Recreation & Libraries / Park Services – Open Space	Foreman	1.0	\$59,615
Parks, Recreation & Libraries / Park Services – Open Space	Equipment Operator I	1.0	\$47,987
<b>POST FUND TOTAL</b>		<b>2.0</b>	<b>\$107,602</b>
<b>TOTAL 2015 – ALL FUNDS</b>		<b>14.5</b>	<b>\$963,371</b>

As City Council is aware, City Council and Staff are in the process of conducting a third-party evaluation of the City's development review process; additional recommendations with budgetary impacts may be forthcoming following this effort but Staff believes it prudent at this time to increase temporary staffing to address customer service processing time and the overall significant increase in workload in the Division.

An additional \$150,000 is included in 2015 (and maintained in 2016) related to response pay. In 2010, the City adjusted overtime pay eligibility guidelines to be more in line with the federal Fair Labor Standards Act (FLSA). Since the overtime policy changes, Staff has experienced instances where employees called out to unplanned or uncontrolled incidents in addition to their regular shifts are not receiving overtime pay due to general leave taken, holiday implications or other factors. In order to recognize the unexpected nature of



some of these events, address employee morale concerns and foster a healthy work-life balance, a new “premium pay” called response pay will be created. An employee will be eligible for response pay when a qualifying event occurs outside of an employee’s normal shift that causes the employee to work beyond a scheduled shift. Examples include water main breaks, homicide and criminal investigations, sanitary sewer overflows, court appearances for public safety officers, major snow events, etc. In addition to response pay, the City will also pay overtime to Fire Department Staff involved with coverage for wildland fire and urban search and rescue (USAR) deployments. This policy change associated with the Fire Department will be cost-neutral to the City due to reimbursement payments the City receives at overtime rates.

In 2016, based on salary market survey work, new positions and anticipated step, merit and other adjustments, \$2.5 million is provided to address increases to salary costs in 2016 across all funds. Costs for a 1.0% market adjustment, step/merit increases and possible special audits total \$2,237,247. Staff will be conducting mid-year budget work during the summer of 2015, including special audit and salary surveys. Updated figures will be reviewed with City Council during the mid-year budget review of the proposed amendment to the Adopted 2016 Budget. New positions total \$320,813 (salary only) across all funds and are highlighted individually in the “Operating Budget Executive Summary” section.

Department / Division	Position Title	FTE	Salary (salary only)
Fire/Fire Prevention	Civilian Fire Inspector	1.0	\$59,615
General Service / City Clerk	Records Management Technician	1.0	\$47,987
<b>GENERAL FUND TOTAL</b>		<b>2.0</b>	<b>\$107,602</b>
Information Technology	Technical Support Specialist	1.0	\$44,640
<b>UTILITY FUND TOTAL</b>		<b>1.0</b>	<b>\$44,640</b>
Parks, Recreation & Libraries / Park Services – Open Space	Recreation Specialist (Naturalist)	1.0	\$52,065
Parks, Recreation & Libraries / Park Services – Open Space	Horticulture Specialist	1.0	\$44,640
Parks, Recreation & Libraries / Park Services – Open Space	Parkswoker I/II	2.0	\$71,866
<b>POST FUND TOTAL</b>		<b>4.0</b>	<b>\$168,571</b>
<b>TOTAL 2016 – ALL FUNDS</b>		<b>7.0</b>	<b>\$320,813</b>

A summary of total authorized staffing levels with the new positions for 2015/2016 follows:

Staffing	FTEs
1/1/14 Authorized Staffing Plan	918.741
2015 Staffing Changes	+14.500
Staffing Plan - 2015 Budget	933.241
2016 Staffing Changes	+7.000
Staffing Plan - 2016 Budget	940.241

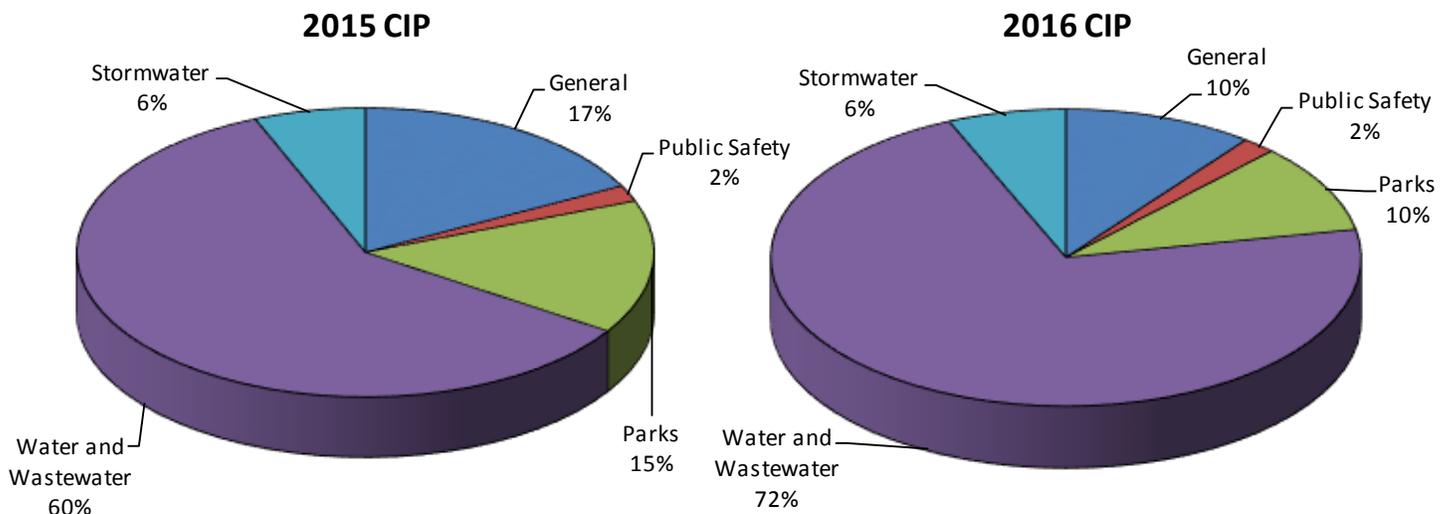
As part of the City’s Total Compensation Package, the City also provides employees with comprehensive benefits that continue to be competitively based and includes medical, dental, pension, Medicare, life, long-term disability and survivor income benefits. The total contribution for all benefits by the City is \$18.1 million in 2015 and \$18.9 million in 2016. The City continues to beat national trends for health care increases. For 2015, the City can retain the current benefit package with only a 5% increase in healthcare premiums. A 5% increase in premiums is also budgeted for 2016. These increases will be reflected in both the employer

and employee portion of health insurance premiums. The City is able to retain these low rates by providing a blended rate, so all employees pay the same regardless of which provider they choose (i.e., Cigna or Kaiser Permanente). Increases will be applied to both the City’s self-insured plan and its Kaiser Permanente plan. Kaiser’s negotiated renewal is 9.6%. Since the Kaiser plan is fully insured, the City is unable to capture savings in low claim years (2010-2012) and then bears the full burden of a high claim year (as experienced in 2013). Therefore, the ability to mitigate Kaiser cost increases through proactive actions is limited. The City’s self-insured program is more actively managed through the City’s wellness clinic (Center for Healthy Living) and other proactive strategies in data claims analysis used in renewal negotiations and in wellness program strategies. The result is a robust healthcare plan with much lower than average health care cost trend. From 2010 through 2014, the average annual claims cost increase under the self-insured plan was 3%.

**CAPITAL IMPROVEMENT PROGRAM (CIP)**

The total CIP continues to reflect an effort to move forward on many capital improvement fronts to address the City’s needs as well as to enhance community quality of life. These improvements benefit existing and future citizens and businesses by rehabilitating, improving and enhancing community amenities. Throughout the 2015/2016 budget development process, Staff worked to strike a balance between capital and operating needs. More detail on projects can be found in the CIP section of this 2015/2016 Budget. The table and charts below provide a summary and a comparison to the Amended 2014 CIP Budgets.

	AMENDED 2014 CIP:		2015 CIP:		2016 CIP:	
Revenue Source	# of Projects	Available Funds	# of Projects	Available Funds	# of Projects	Available Funds
General	28	\$6,704,000	25	\$7,253,000	28	\$5,257,000
Public Safety	8	\$550,000	10	\$757,000	11	\$923,000
Parks, Recreation & Libraries	18	\$5,231,000	30	\$6,239,000	28	\$4,892,000
<i>Subtotal General CIP Funds</i>	<i>54</i>	<i>\$12,485,000</i>	<i>65</i>	<i>\$14,249,000</i>	<i>67</i>	<i>\$11,072,000</i>
Wastewater	10	\$5,223,000	12	\$7,854,000	12	\$9,722,000
Water	31	\$22,154,000	29	\$16,992,000	26	\$26,296,000
Stormwater	4	\$1,941,000	4	\$2,602,000	7	\$3,268,000
<i>Subtotal Utility CIP Funds</i>	<i>45</i>	<i>\$29,318,000</i>	<i>45</i>	<i>\$27,448,000</i>	<i>45</i>	<i>\$39,286,000</i>
<b>Grand Total CIP</b>	<b>99</b>	<b>\$41,803,000</b>	<b>110</b>	<b>\$41,697,000</b>	<b>112</b>	<b>\$50,358,000</b>





The figures in the previous table reflect “pay-as-you-go” projects for 2015 and 2016; Staff anticipates a \$12.5 million debt issuance in the Wastewater Fund and a \$17 million debt issuance in the Water Fund in 2017. Formal City Council consideration of these debt issuances will be reviewed in future years, but general concurrence of the debt approach at this point is important to ensure pursuit of critical capital improvement projects in future years, minimize potential rate adjustments and maintain a fiscally sound Capital Project Reserve (CPR) balance in both the Water and Wastewater Funds. This debt strategy also promotes intergenerational equity of costs of necessary improvements to the utility system. The primary drivers behind this debt strategy are the Little Dry Creek Interceptor Repairs project and the Big Dry Creek Biosolids and De-watering Improvements project on the wastewater side and the Pressure Zone 3 Expansion project on the water side. Project descriptions are provided in the CIP section of this budget document. For the Little Dry Creek Interceptor Repairs project, \$7.5 million in funding is from “cash” and CPR balance in 2015 and 2016; \$5 million in debt in 2017 is planned to cover the remaining project costs. For the Big Dry Creek Biosolids and De-watering Improvements project, \$7.5 million in funding is planned for 2017 debt and \$2.92 million of this project’s costs would be funded from “cash” and CPR in 2017. On the water side, \$10.35 million in funding is from “cash” and CPR balance in 2016; \$17 million in debt in 2017 is planned to cover the remaining project costs.

Related to this debt strategy and per the City’s adopted financial policies regarding the Utility Fund, the CPR will be utilized in 2015 and 2016. In the Wastewater Fund, this includes \$930,000 of CPR in 2015 and \$2,240,000 in 2016. In the Water Fund, no CPR use is budgeted for 2015 and \$8,475,000 in CPR is programmed in 2016. The table below shows current balances in both the Water and Wastewater CPR as of 8/12/2014, along with what those CPR balances will be at the end of 2015 and 2016 with the use of CPR balances as highlighted above. Please note that the table below does not factor in any additional revenue coming into the Water or Wastewater CPR over the next several years due to higher than anticipated revenues, budgeted expenditure savings or other factors. Per the City’s adopted financial policies, it is very likely that additional funds will become available for each CPR fund and City Council would consider this through the City’s regular carryover appropriations process (2014 carryover, 2015 carryover and 2016 carryover). As an example, with the recent 2013 carryover process, City Council appropriated \$3,957,240 to the Water CPR and \$1,055,558 to the Wastewater CPR. The 2016 figure below for Wastewater CPR would be below the minimum reserve balance, but Staff anticipates additional funding for the Wastewater CPR over the next several years that would ensure that the Wastewater CPR stays above the minimum \$2 million balance.

Projected Year-End Balance	Water CPR	Wastewater CPR
2014	\$18,491,043	\$4,272,668
2015	\$18,639,515	\$3,370,132
2016	\$10,321,733	\$1,050,048

**CONCLUSION**

Moving forward, the City is facing exciting opportunities and numerous changes. Major progress continues on significant projects, leadership transitions are underway and discussions on collective bargaining with Westminster firefighters has the potential to raise equity considerations across the organization and change the way we do business in Westminster. Despite this and other ongoing challenges, I believe that the City is in excellent position to continue to deliver exceptional value and quality of life to Westminster’s residents, businesses and visitors. Guided by the City’s Strategic Plan, we will continue to provide high-quality services at an exceptional value thanks to the leadership of City Council and the hard work and creativity of Staff. I would like to acknowledge all of the Departments, and in particular the City Manager’s Office and General Services Department, for the dedication they put forth in preparing this comprehensive budget document.

As this is my last budget with the City of Westminster and of my career in city management, I am proud to present this document that reflects Staff's commitment to this community and to our SPIRIT values. The City of Westminster does more on a daily basis to support the quality of life of residents than any other organization. Whether it is the clean, safe water that comes out of the tap by magic, the well-maintained streets that transport citizens to a wide variety of destinations or the facilities that provide almost endless recreational opportunities, the City of Westminster is there. The well-planned, quality development in the community, the professional and expedient public safety services, and the acres of open space and miles of trails are all us, too. It takes a remarkable team, providing both external and internal services, to deliver the exceptional value and quality of life we enjoy in Westminster. I am honored to have had the opportunity to be part of this team.

Respectfully submitted,



J. Brent McFall  
City Manager